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Ivan Seldenberg
Chairman & CEO

Federal Communications Commission
Office of the Secretary

The Verizon logo, consisting of the word "verizon" in a bold, sans-serif font, with a checkmark-like symbol above the 'i'.

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June 11, 2004

Honorable Michael K. Powell
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

01-338

Dear Chairman Powell:

The decisions of the Solicitor General and the FCC not to appeal the *USTA II* decision pave the way for a new telecommunications policy that reflects the market facts of today -- facts that have changed dramatically even since the last order. A new market-oriented policy will promote investment in new technologies and services, and provide enormous benefits to consumers.

Some carriers nevertheless claim that these decisions will produce immediate and drastic price increases for consumers. Their claims are misplaced.

First, their claims are out of touch with the business realities we have to contend with every day. The simple fact is that retail pricing strategies are determined by competition among wireline carriers, wireless carriers, cable providers and VOIP. This competition is here to stay.

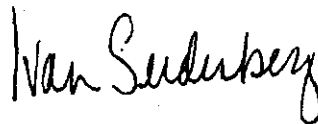
Second, for our part, we will continue to provide wholesale access to our narrowband network after the rules are vacated, and will continue to make every effort to negotiate commercial agreements with wholesale customers. As we have consistently emphasized, negotiated commercial arrangements, rather than continued litigation and regulation, will provide certainty for all concerned, promote investment and help bring an end to the regulatory food fights that have plagued the industry.

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Third, we also are committed to not unilaterally increase the wholesale price we charge for UNE-P arrangements that are used to serve mass market consumers (those with fewer than 4 lines) for 5 months, and we plan to give our wholesale customers at least 90 days notice of any future change. We will, of course, continue to pursue efforts to correct the wholesale prices that have been set by the states.

Fourth, we will continue to invest in new broadband technologies such as fiber optics and packet switching that will allow us to provide exciting new services to our customers. We have announced the initial sites where we are deploying these new technologies, and more will follow. The Commission's decision that these new technologies are not subject to unbundling helped pave the way for these investments, but more remains to be done to clarify the scope of that ruling and to adopt a clear and comprehensive national broadband policy. I urge you to promptly address these matters to facilitate the widespread broadband investment that you and the administration have wisely encouraged.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ivan Seidenberg". The signature is fluid and cursive, with the first name "Ivan" and last name "Seidenberg" clearly distinguishable.

Ivan G. Seidenberg

Cc: Commissioner Kathleen Q. Abernathy
Commissioner Michael J. Copps
Commissioner Kevin J. Martin
Commissioner Jonathan S. Adelstein